

# Construction Services in the BoP of Ethiopia

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# Services Account

- From the point of view of the Balance of Payments, transaction in services refers to the provision/receipt of various types of services to/from nonresidents by residents and the vice versa.
- The current compilation procedure of Service Accounts is based on BPM 4. However, BPM 5 is used as a reference point because it is expected that the compilation guidelines in BPM 5 and ultimately in BPM 6 will soon replace the current system.



# Structure of the Services Account

- According to BPM 5, major transaction items included in the services account are:
  - *Transportation*
  - *Travel*
  - *Government services (transactions relating to embassies, consulates and other official entities)*
  - **Construction**, *communication, insurance, financial services, computer and information services, personal, cultural and recreational services and other business services which are all classified as other services*

# Construction services

- Construction services cover work on construction and installation projects performed by construction enterprises that are residents of economies other than those in which the work is taking place.
- Determining the residence of the enterprises engaged in construction activity is an important step and is based on whether an enterprise is engaged in a significant amount of production of goods and services and/or in a transaction in land located in the host country.



# Receipts and Payments of Construction Services

## *Receipts from Construction Services*

- Foreign currency receipts from sells to nonresidents of houses, buildings and the like built by resident real estate companies

## *Payments to Construction Services*

- Foreign currency payments to nonresident enterprises on account of construction services provided to residents.

The source of data is the **banking system** for both receipts and payments.



# Example

March, 2014

*(In Millions of USD)*

<b>Construction Receipts Total</b>	<b>0.0</b>
<b>Construction Payments Total</b>	<b>29.0</b>
Salini Construction	16.1
China High Way Group	2.8
Keangnam Enterprise	0.5
Aydenez-KMC Joint Venture	0.7
China Rail way Group	0.6
China International Water & Electric Cooperation	1.1
CGC Over Sees Construction Group	5.4
Jiangxi Zhongmel	1.8

# Presentation Format of Construction Services

*(In Millions of USD)*

Code	Description (BPM5)		March, 2014
2 249..		credit	0.0
3 249..		debit	-29.0
	*Construction abroad		
2250..		credit	
3250..		debit	
	*Construction in the compiling economy		
2251..		credit	
3251..		debit	

# Challenges and Future Plans

## Challenges

- The current compilation does not take into account the residence status of the enterprises engaged in construction activity.
- The compilation relies fully on information from the banking system and surveys are not conducted.

## Future plans

- Future plans include survey based compilation of Construction Services according to BPM 6.





Thank you!

